



City of Falls Church Fiscal Impact Model

Presentation to
Falls Church Planning Commission
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TischlerBise Experience



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Chesapeake	James City County	Spotsylvania County
Fairfax	Leesburg	Stafford County
Falls Church	Loudoun County	Suffolk
Fauquier County	Norfolk	Sussex County

- Fiscal, economic, and planning consultants
- National Practice
- Fiscal Impact Evaluations (800+)
- Impact Fees (900+)
- Infrastructure Needs & Revenue Strategies
- Public and Private Sector Experience



Falls Church Fiscal Model Overview

History of the Falls Church Fiscal Impact Model:

- First model developed in early 2000s
- Updates and improvements to the model over time

Purposes of Fiscal Impact Model:

- Evaluate the fiscal impact of development proposals on case-by-case basis
- Compare a range of impacts and variations for one project
- Project potential direct revenues to the City from the project itself (does not include spin-off impacts)
- Project potential operating impacts on services from the project based on current levels of service



Fiscal Impact Analysis

- **Key Question: Are the revenues generated by new growth enough to cover the resulting service and facility demands?**
- Revenue minus expenditures = net **surplus** or net **deficit**
- Calculated based on current levels of service
- Fiscal impact analysis helps to recognize that there are contributors and recipients in a community
- Aim is to assist the City to meet planning and fiscal goals with deeper understanding of connection between land use decisions and revenue/cost impacts
 - » Often leads to discussions and policy on “who should pay for what”



Economic Impact Analysis

- Economic impact analysis addresses overall economy of the community
- Residential development generates economic impacts:
 - » Construction phases and consumer spending (could be local or not)
- Nonresidential development generates economic impacts:
 - » Direct and indirect job creation and real disposable income
- Economic impacts do not follow jurisdictional lines
- Large portion of economic output likely flows out of jurisdiction, region, and possibly state
- Resident spending for mortgages, car payments, & insurance typically not sources of local government revenues



Municipal Budgeting

- Municipal budgeting is primarily “**revenue driven**”
- Revenue forecasts are used to establish spending targets
- Budget is based on available resources
- Contrast with fiscal impact analysis, which projects revenues and expenditures separately:
 - » Costs needed to maintain current City levels of service
 - » Direct revenues generated from the development being tested



Falls Church City Model

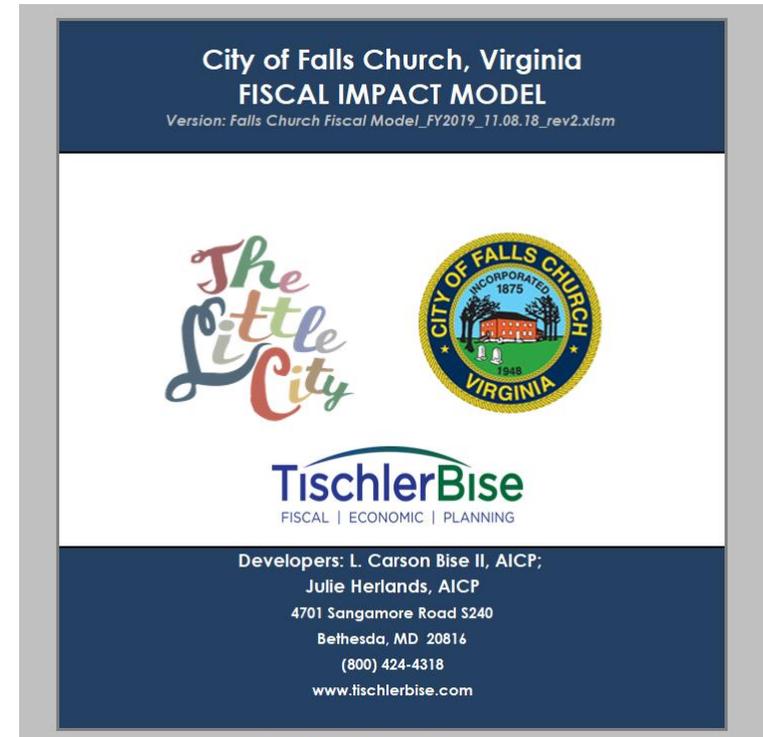
Approach and Influencing Factors

- Use City current levels of service as reflected in current budget
- Supplemented with departmental interviews and data analysis
- Use characteristics of new development as drivers
 - » Property values
 - » Sales per square foot
 - » BPOL and BPP revenue per square foot
 - » Household size
 - » Student generation rates
 - » Employees per square foot
 - » Vehicle trips

Falls Church City Model

Design of Model

- Developed in Excel and Visual Basic
- Replicates City budget organization and revenue structure
- Transparent: All data, assumptions, and formulas are shown
- Capable of analyzing up to three scenarios at a time
- Allows for flexibility
 - » Additional modules can be integrated at a later date and have been as the model has evolved





Falls Church City Model

Model Updates

- Frequent updates (2009, 2010, 2011, 2014, 2015, and 2018) plus ongoing technical assistance
- 2018 Update
 - » Default revenue factors adjusted to current conditions and latest available data
 - » Changed school operating cost to **local cost per student input**
 - » Added reorganized/new City departments and/or divisions
 - » Updated vehicle and capital costs
 - » Output pages revised and improved
 - ▶ Student generation rate methodology and cost per student shown
 - ▶ Includes hotel square footage (previously shown as # of rooms)
 - » User functionality improvements

Development Project Model: Inputs

SCENARIO 1 RESIDENTIAL DEVELOPMENT COMPONENT														
Type of units	Total number of units	Number of units absorbed each year	Assessed value per unit	Avg Sq. Ft. per Unit	Student generation rate	Persons per unit	Trip generation rate	Trip adj. factor	Inspectable SF	Utility Tax per Unit	Average Building Permit per Unit	Average Rent per Unit	Occupancy Rate	BPOL TAX Rate
Single Family Detached	0	0	\$654,549	0	0.633	3.12	9.52	50%	0	\$158	\$0			na
Townhouse - Owner Occupied	0	0	\$587,451	0	0.470	3.12	5.81	50%	0	\$143	\$0			na
Townhouse - Renter Occupied	0	0	\$587,451	0	0.470	3.28	5.81	50%	0	\$143	\$0			\$0.0038
Condominiums Studio	0	0	\$406,533	0	0.000	2.00	5.81	50%	0	\$120	\$0			na
Condominiums 1 Bedroom	0	0	\$406,533	0	0.100	2.00	5.81	50%	0	\$120	\$0			na
Condominiums 2 Bedroom	0	0	\$406,533	0	0.133	2.22	5.81	50%	0	\$120	\$0			na
Condominiums 3 Bedroom	0	0	\$406,533	0	0.041	2.22	5.81	50%	0	\$120	\$0			na
Age-Restricted Housing	0	0	\$308,680	0	0.000	2.09	3.44	50%	0	\$19	\$0			\$0.0038
All Other Housing Types	0	0	\$0	0	0.200			50%	0		\$0			
Mid-Rise Apartments studio	0	0	\$264,500	0	0.025	1.56	4.20	50%	0	\$83	\$0			\$0.0038
Mid-Rise Apartments 1 bdrm	0	0	\$264,500	0	0.020	1.56	4.20	50%	0	\$83	\$0			\$0.0038
Mid-Rise Apartments 1 bdrm + den	0	0	\$264,500	0	0.052	1.56	4.20	50%	0	\$83	\$0			\$0.0038
Mid-Rise Apartments 2 bdrms.	0	0	\$264,500	0	0.283	2.88	4.20	50%	0	\$83	\$0			\$0.0038
Mid-Rise Apartments 2 bdrms + den	0	0	\$264,500	0	0.867	2.88	4.20	50%	0	\$83	\$0			\$0.0038
Mid-Rise Apartments 3 bdrms; 3 bdrms + den	0	0	\$255,000	0	1.280	2.88	4.20	50%	0	\$83	\$0			\$0.0038

Revenue Modules

	A	B	C	D	E	F	G	H
1	GENERAL FUND REVENUE							
2								
3	ACTIVE SCENARIO:		Scenario 1			<div style="border: 1px solid black; padding: 2px;"> Go To Main Menu </div>		
4								
5								
6	GENERAL FUND BASE YEAR BUDGET AND REVENUE FACTOR PROJECTION METHODOLOGY INPUTS							
7								
8								
9	Revenue Category	Revenue Name	Base Year Budget Amount	Project Using Which Demand Base?	Demand Unit Multiplier	Projection Methodology	Annual Change (+/-)	LOS Std \$ per Demand Unit
10	Taxes	Real Estate Property Taxes	\$56,150,500	CUMUL AV	10,000.00	CONSTANT	0%	\$1.355
12		Personal Property Taxes	\$6,278,200	PERSONAL PROPERTY TAXES	1.00	CONSTANT	0%	1.00
13		Non-Assessed Property Taxes	\$397,000	FIXED	1.00	CONSTANT	0%	\$0.00
14		Local Sales and Use Taxes	\$4,742,000	RETAIL SALES	1.00	CONSTANT	0%	1%
15		Utility Tax	\$2,215,000	UTILITY TAXES	1.00	CONSTANT	0%	1.00
16		Cigarette Tax	\$359,000	FIXED	1.00	CONSTANT	0%	\$0.00
17		Meals Tax	\$3,279,000	TOTAL OF MEAL BILLS	1.00	CONSTANT	0%	4%
18		Other Sales and Use Taxes	\$680,000	POP AND JOBS	1.00	CONSTANT	0%	\$25.49
19		Hotel Tax	\$0	TOTAL OF HOTEL BILLS	1.00	CONSTANT	0%	5%
20		Gross Receipts Business Tax	\$4,439,000	BPOL TAXES	1.00	CONSTANT	0%	1.00
21		Other Taxes	\$1,051,000	POP AND JOBS	1.00	CONSTANT	0%	\$39.40
22	Licenses, Fees, & Permits	Building and Inspection Fees	\$1,211,726	BUILDING AND INSPECTION FEES	1.00	CONSTANT	0%	1.00
23		Other Licenses, Fees, & Permits	\$198,900	POP AND JOBS	1.00	CONSTANT	0%	\$7.46
24	Grants & Contributions	Grant Revenue--Federal	\$308,037	FIXED	1.00	CONSTANT	0%	\$0.00
25		Other State Categorical Aid	\$590,126	FIXED	1.00	CONSTANT	0%	\$0.00
26		State Non-Categorical	\$3,134,027	FIXED	1.00	CONSTANT	0%	\$0.00
27		State Categorical	\$353,800	FIXED	1.00	CONSTANT	0%	\$0.00
28		Developer Contributions	\$0	FIXED	1.00	CONSTANT	0%	\$0.00
29		Other Contributions	\$20,400	FIXED	1.00	CONSTANT	0%	\$0.00
30	Charges for Services	Charges for Services - GenGov†	\$21,200	POP AND JOBS	1.00	CONSTANT	0%	\$0.79

Operating Cost Modules

BASE YEAR BUDGET AND FACTOR PROJECTION METHODOLOGY INPUTS

POLICE DEPARTMENT -- OPERATIONS

Expenditure Name	FY 2019 Budget Amount	Project Using Which Demand Base?	Demand Unit Multiplier	Projection Methodology	Annual Change (+/-)	LOS Std \$ per Demand Unit
Salaries & Wages	\$1,605,141	SEE BELOW	1.00	CONSTANT	0%	\$0.00
Benefits	\$912,926	SEE BELOW	1.00	CONSTANT	0%	\$0.00
Professional & Contractual	\$70,000	TOTAL POLICE CALLS	1.00	CONSTANT	0%	\$2.25
Materials, Supplies, & Other	\$224,918	TOTAL POLICE CALLS	1.00	CONSTANT	0%	\$7.23
Capital Outlay	\$159,000	FIXED	1.00	CONSTANT	0%	\$0.00
Direct Entry Cost Type 1	\$0	DIRECT ENTRY	1.00	CONSTANT	0%	\$0
Direct Entry Cost Type 2	\$0	DIRECT ENTRY	1.00	CONSTANT	0%	\$0
Direct Entry Cost Type 3	\$0	DIRECT ENTRY	1.00	CONSTANT	0%	\$0
TOTAL	\$2,971,985					

POLICE DEPARTMENT -- OPERATIONS STAFFING INPUT

Category	FY 2019 FTE Positions	Project Using Which Demand Base?	Current Demand Units Served Per Position	% Estimate of Available Capacity	Remaining Capacity/ Initial Hire Threshold	Estimated Service Capacity Per Position
Lieutenant	1.0	FIXED	0	0%	0	0
Sergeants	4.0	TOTAL POLICE CALLS	7,774	20%	1,555	6,530
Corporals	4.0	TOTAL POLICE CALLS	7,774	20%	1,555	6,530
Uniform Patrol Officers	11.75	TOTAL POLICE CALLS	2,646	10%	265	2,460
Parking Enforcement Officer	0.75	VEHICLE TRIPS	101,485	20%	20,297	55,092
	21.50					

SALARIES

	Avg Salary / Staff Member	Benefits Multiplier	Inflation Adj (+/- Base)	LOS Std Total Cost
Lieutenant	\$163,187	0%	0%	\$163,187
Sergeants	\$153,492	0%	0%	\$153,492
Corporals	\$124,976	0%	0%	\$124,976
Uniform Patrol Officers	\$83,878	0%	0%	\$83,878
Parking Enforcement Officer	\$40,236	0%	0%	\$40,236

Operating Impact Output Summary: Annual Revenues & Expenses

ACTIVE PROJECT: Scenario 1

Summary Information

Total Market Value of Project	\$44,025,000	
Annual Revenues (Year 2):	\$836,446	
Annual Expenditures (Year 2):	\$609,740	
Annual Net Fiscal Impact (Year 2):	\$226,707	
Number of Pupils Generated:	16.15	
Local Cost per Pupil	\$15,919	
Number of Residential Units in Project:		150
Total Taxable Value of Residential Units:		\$39,675,000
Total Nonresidential SF of Project:		10,000
Total Taxable Value of Nonresidential SF:		\$4,350,000

Outputs

- Line item outputs
- Capability to model multi-year programs
- Results reported out for Year 2—after initial one-time revenues

		Year 1	Year 2
Gross Annual Revenues			
Real Estate Property Taxes	\$0	\$596,539	\$596,539
Personal Property Taxes	\$0	\$100,330	\$100,330
Non-Assessed Property Taxes	\$0	\$0	\$0
Local Sales and Use Taxes	\$0	\$32,000	\$32,000
Utility Tax	\$0	\$13,750	\$13,750
Cigarette Tax	\$0	\$0	\$0
Meals Tax	\$0	\$0	\$0
Other Sales and Use Taxes	\$0	\$8,497	\$8,497
Hotel Tax	\$0	\$0	\$0
Gross Receipts Business Tax	\$0	\$6,080	\$6,080
Other Taxes	\$0	\$13,134	\$13,134
Licenses, Fees, & Permits	\$0	\$24,486	\$2,486
Grants & Contributions	\$0	\$0	\$0
Charges for Services	\$0	\$57,247	\$57,247
Fines & Forfeitures	\$0	\$6,384	\$6,384
Use of Property & Money	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
Interfund Transfers	\$0	\$0	\$0
Other Financing Sources	\$0	\$0	\$0
Schools Intergovernmental (State, Federal, Ot	\$0	\$0	\$0
Schools Community Services Fund	\$0	\$0	\$0
Schools Food Service Fund	\$0	\$0	\$0
Gross Revenues	\$0	\$858,446	\$836,446
Gross Annual Operating Expenditures			
Legislative	\$0	\$9,770	\$9,770
Constitutional Offices [1]	\$0	\$11,672	\$11,672
Executive [2]	\$0	\$12,318	\$12,318
Finance [3]	\$0	\$5,020	\$5,020
Community Services: Health and Human Serv	\$0	\$48,555	\$48,555
Community Services: Parks, Rec, Library	\$0	\$62,847	\$62,847
Development Services	\$0	\$23,045	\$23,045
Public Works	\$0	\$40,035	\$40,035
Public Safety: Police	\$0	\$105,175	\$105,175
Public Safety: Fire	\$0	\$30,267	\$30,267
Public Safety: Adult Corrections	\$0	\$2,717	\$2,717
Clerk of the Court	\$0	\$553	\$553
Education (Non-FCPS) [4]	\$0	\$676	\$676
Schools (FCCPS) Operating Expenditures (All F	\$0	\$257,092	\$257,092
Non-departmental [6]	\$0	\$0	\$0
Gross Operating Expenditures	\$0	\$609,740	\$609,740
Net Operating Fiscal Impact	\$0	\$248,707	\$226,707



How the Model Has Been Used

- Evaluate operating impact (plus costs for non-fixed assets) from new development proposals based on current levels of service
- Multiple scenarios frequently tested that vary:
 - » Type and mix of land uses
 - » Student generation rates
 - » Property and retail sales values
- Assumes impact of project “buildout” (100 percent occupancy)
 - » Determine annual ongoing revenue generation potential—after one-time revenues collected
 - » Determine annual ongoing operational impacts



How the Model Has NOT Been Used

- Capital impacts for capacity needs have historically been absorbed by existing fixed assets
 - » There have been minimal other non-school, locally-funded capacity projects in the CIP
- Capacity needs to serve growth addressed by proffer policy
 - » Cash proffers and in-kind contributions for capacity needs are negotiated and collected based on project impact



How the Model Has NOT Been Used

- Model has not been used to model “contributing impacts”
 - » However, this would be captured in property values
- Model has not been designed to predict long-term trends with factors and variables modified after a certain point in time
 - » However, this phenomena is tested with variables and factors
 - ▶ E.g., Testing different student generation rates by unit
- Model has not been used to track impacts cumulatively



How the Model is Evolving

- Continue exploration of expanding capital portion of the model to include:
 - » Capacity capital projects identified in City's CIP
 - » Capacity projects funded with local dollars
- Maintain consistency with existing proffer policies
- Revenue factor adjustments to account for changing retail development environment



Wrap Up

- Model has been deployed consistently over time
- The questions to be answered drive model design; as questions change, model design should change and evolve
- There are other non-fiscal factors to be considered when making land use decisions
- Q & A / Discussion